

Page Denied

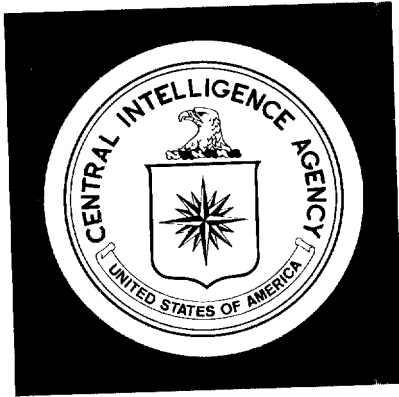
Next 2 Page(s) In Document Denied

State Dept. review completed

DIA review
completed.

Secret

25X1



Weekly Summary

Secret

No. 0037/75
September 12, 1975

Copy

No

62



CONTENTS (September 12, 1975)

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

EUROPE

- 1 Portugal: Anti-Communist Gains
- 2 Italy: Political Drift
- 5 Cyprus: Talks Stalemated
- 6 Soviets Concerned About Detente

25X6

MIDDLE EAST
AFRICA

- 7 Egypt: Battening Down
- 8 Sudan: Coup Quashed
- 9 Angola: National Front Set Back
- 10 Lebanon: Army Called In

25X1

WESTERN
HEMISPHERE

- 12 Ecuador: Adjusting to Realities
- 13 Cuba: Counterweight to Detente
- 14 Peru: The Second Stage Begins
- 14 Argentina: Counterterrorism
- 15 Panama: Talks Stir Optimism

EAST ASIA
PACIFIC

- 16 China: New Signs of Strain
- 17 Laos: Enter the Soviets
- 18 Cambodia: Return of the Prince
- 19 Burma: Focus on Foreign Policy

25X1

SECRET

1-4

001

PORTUGAL: ANTI-COMMUNIST GAINS

Goncalves

Anti-Communist officers have improved their position in the Portuguese military government in the wake of the political decline of pro-Communist, General Goncalves. The extent of the gains made by the anti-Communist Antunes faction will be clearer, however, when a new government is formed to replace Goncalves' Communist-leaning cabinet.

The Antunes group, refusing to accept Costa Gomes' efforts to keep Goncalves in a leadership position as armed forces chief of staff, resorted to pressure tactics to ensure his ouster. The showdown came at the September 5 meeting of the Armed Forces General Assembly. At the urging of the Antunes faction, the army and air force boycotted the assembly, sending only the chiefs of the two services to demand Goncalves' dismissal. A communique was issued after a "rump session" of the assembly, announcing that Goncalves had decided to "decline" the armed forces chief of staff post.

Goncalves' decision to back down was not a clearcut victory for the anti-Communists. The revised membership of the Revolutionary Council appears to reflect concessions to all factions, with major representatives of both the Goncalves and Antunes factions left out. There was speculation that President Costa Gomes had again attempted to arrange a compromise that would prevent any faction from attaining complete superiority. One source told US embassy officials that Costa Gomes was interested in maintaining a role for the Communists in order to reinforce his own position as a mediator between warring factions.

The anti-Communist group associated with Antunes appears to have a plurality of votes on the council. In the first meeting of the revamped council on September 8 the council decided to appoint Antunes-supporter Lourenco to head a committee to reorganize both the Revolutionary Council and the left-leaning General Assembly to make them representative of the Movement. They also voted to reinstate anti-Communist leaders Antunes and Alves on the council, but

SECRET

SECRET

balanced their addition somewhat by also adding former council member Costa Martins—a Gonçalves sympathizer.

The council demonstrated a determination to cement its renewed authority by strictly limiting press coverage of military events, a decision that brought cries of censorship by the Communist Party and the Communist-influenced press. The council further prohibited contact with the press by any military figure other than council members in an effort to prevent public statements by Gonçalves or other pro-Communist officers.

The composition of the new cabinet now being formed by Prime Minister-designate Azevedo will indicate whether the anti-Communists have indeed turned the tide. In the meantime, Gonçalves and his cabinet continue in a caretaker capacity.

The new cabinet is expected to contain representatives of the three major political parties—the Socialists, center-left Popular Democrats, and the Communists—but they are to sit in the cabinet as individuals and not as representatives of their respective parties. Azevedo hopes this compromise will be accepted by the feuding Communists and Popular Democrats who are refusing to attend negotiating sessions together. The Communists have renewed their attacks, labeling the Popular Democrats as “reactionary” and hope to regain support in the military. Having suffered a serious setback with the loss of Gonçalves, the Communists appear determined not to be cut out of the action altogether.

Both the Socialists and the Popular Democrats set strict conditions for joining the new government to assure that they will not once again be in an underdog role. The parties worked with the anti-Communists in the military against Gonçalves, but the cooperation may break down if the parties present excessive demands. Both groups hope to use this opportunity to move Portugal back toward a civilian government by preparing for national assembly elections next

spring. At this time, however, it does not appear that the military—and President Costa Gomes in particular—plans an early return to the barracks.

25X1

ITALY: POLITICAL DRIFT

5-7

As a new political season gets under way the governing parties seem inclined to postpone difficult decisions rather than run the risk of a confrontation that could precipitate early national elections. The tendency will aid Communist efforts to consolidate the sharp gains they scored in regional and local elections three months ago.

Prime Minister Moro is the other beneficiary of political drift. His cabinet of Christian Democrats and Republicans—which relies mainly on Socialist votes for its parliamentary majority—is recognized by everyone as an interim government, but Moro is not likely to be challenged until politicians have a clearer idea of how to replace him. To bring Moro down with no alternative in sight would increase the possibility of early elections. Even the Communists are opposed to early elections because they want to make the most of their local successes before facing a showdown on the question of Communist participation in the national government.

The key to what comes after Moro still lies with the Christian Democrats, but they are immobilized by the internal feud that erupted in the aftermath of the election debacle. Since the elections, the Christian Democrats have been able to put together only transient internal majorities, first to oust Fanfani and later to elect Benigno Zaccagnini to preside as interim leader while the party prepares for its yet-to-be scheduled national congress.

The Christian Democrats, however, have not been able to agree on how to deal with the Communists' vastly expanded influence. Last month,

SECRET

SECRET

OC 1



Aldo Moro

Zaccagnini did get the Christian Democratic directorate to endorse a formalized dialogue with the Communists on the local level to discuss legislative programs, but that was not so much a policy change as a recognition of reality. The Communists now share power with the Socialists in most major cities, 5 of the 20 regions, and nearly a third of the 94 provinces.

One symptom of the Christian Democrats' search for a coherent internal majority is a loosening of the traditional alliances among certain key faction leaders, particularly those in the center of

the party. Most notable so far is the defection of Foreign Minister Rumor from the largest centrist faction, which in recent years has controlled about a third of the party. Rumor seems to be moving closer to Moro and Zaccagnini, who are somewhat to the left of center. Strains are also evident between Treasury Minister Colombo and Budget Minister Andreotti who head the other centrist faction.

The problem that will make it most difficult for the Christian Democrats to avoid calling early national elections is the firmness of the Socialist Party's refusal to join any new national government that leaves the Communists totally in opposition. The Socialists want an arrangement that would permit formalized consultations with the Communists on the national government's program—a formula that has been adopted by some of the new regional governments, which exclude the Communists from actual participation.

25X1

SECRET

Page Denied

SECRET

15-21

CYPRUS: TALKS STALEMATED

The intercommunal talks came close to a total collapse this week when Greek and Turkish Cypriot negotiators Clerides and Denktash were unable to agree on an agenda or a date for another round of talks after three days of meetings with UN Secretary General Waldheim in New York.

The impasse developed when Denktash indicated he was not prepared to follow through on his promise in Vienna last month to address the important territorial question in return for Greek Cypriot acceptance of some principal Turkish Cypriot demands.

Denktash told Waldheim that problems with the Turkish Cypriots and the unwillingness of Ankara to commit itself prior to the senate elections on October 12 made it impossible for him to offer territorial proposals at this time. He indicated his willingness to address the question sometime after the Turkish elections.

With an eye to the approaching US congressional debate on the arms embargo against

Turkey, however, Denktash tried hard to persuade Clerides to discuss other issues to give the appearance of movement in the talks. The announcement by the Turkish General Staff last week that some 750 of the estimated 32,000 Turkish troops on Cyprus were being withdrawn was also made with the aim of influencing Congress to lift the embargo.

Concerned about his own political future, Clerides remained steadfast in his refusal to participate in formal negotiations in the absence of concrete proposals by Denktash on the territorial question. Clerides apparently was under strong pressure this time from Athens as well as from President Makarios to avoid giving the talks a positive gloss in the absence of real progress and thereby aid the Turkish case in Congress.

Waldheim was "just barely" able to prevent a complete breakdown of the talks. At one point, Denktash reportedly threatened to resettle the Greek section of Famagusta, which for the most part has been left vacant, and to declare the

Denktash meets with UN Secretary General Waldheim



UPI

SECRET

SECRET

Turkish Cypriot zone an independent state if the Greek Cypriot side broke off the talks. At Clerides' insistence, no date was set for another round of talks. A terse communique noted only that Waldheim would remain in contact with the two parties in regard to "future action."

With the intercommunal talks stalled, the EC Nine may take the initiative to bring the two sides closer together. The EC earlier offered to mediate the dispute and subsequently made a demarche to the interested parties urging flexibility. The Nine decided, however, to await the results of the New York talks before taking additional steps. The Turkish side has generally been cool to an EC role in the negotiations.

Meanwhile, the Greek Cypriots are making preparations to take their case to the UN General Assembly in the hope of putting additional pressure on the Turks to be forthcoming. The Greek Cypriots have been encouraged by the strong support they received at the recent Nonaligned Conference in Lima. [redacted]

compliance, especially with the human contacts provisions, by launching a sharp counterattack aimed at discrediting the right of the West to pass such judgments. Arbatov's tough line may have been intended to set the tone for future rebuffs to Western efforts to "interfere" in Soviet internal affairs. He may also have wanted to assure the Soviet people that Moscow's interest in promoting detente will not lead to an easing of its tight control over domestic affairs.

In a message clearly aimed at the West, Arbatov denied that the Soviets are seeking to use detente to "nudge forward" class and national liberation struggles. He denied that the difficulties facing the US in Greece, Turkey, and Portugal are a consequence of Soviet actions, but he expressly rejected any interpretation of detente entailing a Soviet obligation to preserve the "social status quo." In essence, Arbatov argued that the USSR has every right under detente to support its friends.

Arbatov also felt it necessary to reassure his audience that support for detente remains strong in the US. He implicitly cautioned his Soviet readers not to overestimate the strength of detente's opponents and not to turn away from a policy that has brought the USSR "striking" achievements.

22-25

SOVIETS CONCERNED ABOUT DETENTE

Moscow's apprehensions about the strength of the US commitment to detente go back to the resignation of President Nixon, but they have grown, or at least been more openly expressed, in recent months. The controversies over the Helsinki summit and Soviet grain purchases have drawn particular attention. Last week two prominent members of the USSR's Institute of the USA and Canada rose to the defense of detente against Western critics, and perhaps against domestic skeptics as well.

Izvestia on September 4 published a lengthy article by Georgy Arbatov, director of the institute and Moscow's leading academic authority on the US. Evidently responding to Western denigration of the European security agreement, Arbatov defended the USSR against charges of non-

The message that US-Soviet relations are still generally headed in the right direction was also conveyed in an article appearing in the September issue of the Soviet journal *International Affairs*. Written by Genrikh Trofimenko, a senior staff member of Arbatov's institute, the article contended that bilateral relations have attained a "certain stability" that can sustain tension-producing shocks. For example, the 1973 Middle East crisis and 1974 US trade legislation, he said, had created tensions that have now been fully dissipated.

Trofimenko argued that the complex of bilateral agreements concluded since 1972 has created a stabilizing basis for relations which, if not unshakable, has at least permitted the two sides to weather problems without a damaging "ripple" effect. [redacted]

25X1

SECRET

SECRET

39-43

EGYPT: BATTENING DOWN

President Sadat has taken a barrage of criticism from other Arabs and the Soviets since the signing last week of the second Egyptian-Israeli disengagement agreement. Buttressed by apparent support at home, however, Sadat is returning blow for blow in the verbal battle.

Although the Egyptians anticipated criticism, they seem surprised and disturbed by its ferocity and, in some cases, its source. They are particularly upset that Syria's Baath Party issued a public denunciation of the agreement, and they are not inclined to listen to excuses about the domestic political considerations that led Syrian President Asad to associate himself with the statement.

Jordan's private criticism and its public dissociation from an erroneously quoted statement of support for the accord also rankle. As for the Palestinians, the Egyptians probably expected little else from that quarter, but the outcry from less radical leaders causes additional discomfort. Similarly, Cairo is probably not surprised at the Soviet reaction, but it is nonetheless angered; it is also concerned about the Soviets' potential for mischief-making.

President Sadat lashed out at his critics during a speech last week originally intended to explain the terms of the agreement. Ignoring explanations, Sadat counterattacked. With anger and emotion, he accused the Soviets of deliberately distorting Egypt's position in an effort to divide the Arabs, and he castigated Syria and the Palestinians for falling for the Soviet ploy. Such direct criticism of Arab allies is rare; never before did Sadat attack Syria and President Asad by name, and he has seldom so openly directed his wrath at Yasir Arafat and the less radical Palestinian leaders.

Sadat challenged the other Arabs to prove that they could, by their own tactics, match Egypt's accomplishments. He rehearsed the history of the Arab struggle with Israel and asserted that a quarter century of sloganeering and paper resolutions had produced nothing for the Arabs. He said the Arab people deserve better than "soporific promises," and he claimed full

credit for starting them on a course that has brought not only gains for Egypt, but a territorial return for Syria and greater international recognition for the Palestinians.

In the course of his defense, Sadat minimized the territorial gains made by Egypt in the latest agreement in order to demonstrate Cairo's continued loyalty to the Arab cause. He said he had not obtained all he had hoped for and, in the most telling justification of his position, asserted that if he had meant to abandon the other Arabs as they have charged, he could have regained the entire Sinai through considerably less arduous negotiations.

The criticism from outside appears to have closed Egyptian ranks around Sadat. His attack on fellow Arabs and the Soviets won repeated applause from his audience of Egyptian political and legislative leaders, and they later passed a resolution that with uncharacteristic enthusiasm endorsed Sadat and his policies.

Some opposition from Egyptian leftists is inevitable, and radical Arabs or the Soviets could use the agreement to stir up subversive elements within Egypt, but for the present most Egyptians seem relieved that a period of relatively assured stability is on the horizon. Businessmen are reportedly already expressing satisfaction that the agreement will provide an atmosphere conducive to commercial planning uninterrupted by war.

The government is capitalizing on this sentiment to reinforce its support at home. It is now stressing the respite the agreement will provide Egypt in which to cope with domestic economic difficulties. The average Egyptian is more vitally concerned with economic improvements in Egypt than with regaining Palestine for the Palestinians or Golan for the Syrians.

25X1

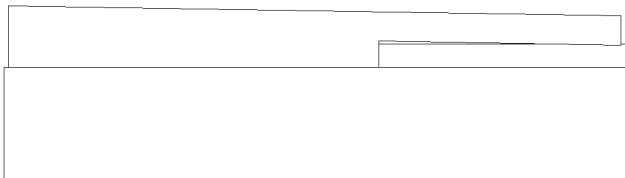
SECRET

SECRET

25X1

25X1

25X1



44-46

SUDAN: COUP QUASHED

Last week, Jaafar Numayri, Sudan's pragmatic socialist leader, survived another attempt to topple his six-year-old regime. This time the move came from military supporters of extremist Muslim organizations. Numayri seems bound to come out of the episode with his prestige heightened and hold on power reinforced.

In contrast to the near-successful effort against Numayri by the Sudanese Communist Party in mid-1971, the latest coup attempt never posed a serious challenge to the President's rule and fizzled out within two hours. Apparently less than 100 military dissidents were involved.

In a radio address on September 8, Numayri claimed that his security service had been aware of the plot, which he said had been masterminded by the National Front—a coalition of the outlawed, ultra-conservative Muslim Brotherhood and the Ansar sect, a political-religious organization. Both groups have a history of opposition to Numayri. On the same day, Numayri ordered Khartoum University, a stronghold of the Muslim Brotherhood, closed indefinitely following the reported discovery there of a large cache of arms and ammunition.

Numayri has also announced that the Sudanese Parliament will meet in special session to discuss the drafting of constitutional amendments to "safeguard" the 1969 revolution. Numayri is likely to be increasingly intolerant of opposition.

The public reaction to the coup attempt suggests that support for Numayri's leadership has increased. In the past, the President's staying



Numayri

power often seemed attributable less to his own strength and popularity than to the absence of alternatives to him. On this occasion, there were apparently spontaneous pro-Numayri demonstrations in the streets, even before it was evident that the tide was going against the plotters.

In his speech on September 8, Numayri all but accused Libyan President Qadhafi of financing the bid to oust him. Numayri demanded the extradition of Sudanese Muslim extremists who have been living in Tripoli. In recent months, although aware that Qadhafi was supporting the exiles, Numayri had attempted to maintain cordial relations with Libya in the hope that Tripoli would give Sudan financial help for its hard-pressed economy.

Numayri may be less concerned now over the decline of relations with Tripoli because he believes he has had some success in forging closer ties with Cairo and Riyadh. Numayri has recently met with both President Sadat and King Khalid. The government-controlled press in Khartoum has speculated that a formal economic relationship among the three countries may be in the offing.

25X1

SECRET

SECRET

49

ANGOLA: NATIONAL FRONT SET BACK

The National Front for the Liberation of Angola suffered a major new military and political defeat during the past week. As a result, the rival Popular Movement for the Liberation of Angola is gaining increased credibility as the only one of Angola's three nationalist groups capable of assuming power upon independence.

On September 8, military pressure by the Popular Movement forced the National Front to withdraw from its stronghold at Caxito, some 40 miles northeast of Luanda. Prior to the action, the Front was claiming that it had advanced from Caxito to within ten miles of Luanda. The Popular Movement's attack on the stronghold appears to be part of a major offensive against the Front, perhaps planned with the intent of driving it out of Angola entirely. At present, Front forces are regrouping at Ambriz, one of the organization's major bases in northern Angola.

Since it was forced out of Luanda last July, the Front had relied on its presence in Caxito to discredit the Popular Movement's claims that it is the only liberation group capable of taking over from Portugal at independence on November 11. Unless the Front can stage a dramatic comeback in the near future, it will be isolated in northern Angola and its chances for a meaningful role in the post-independence government will be greatly reduced.

Meanwhile, in central Angola the National Union for the Total Independence of Angola, the territory's third nationalist group, is also having military problems. Its attempt to recapture Luso is stalled, and it has been unable to build up a force large enough to attack the major rail and port cities of Benguela and Lobito, which it recently lost to the Popular Movement.



The Popular Movement is losing no opportunity to publicize its increasingly dominant position in the territory. With the exception of the Portuguese, who no longer exercise any real control in Angola, the Popular Movement is the only group with access to the national media. It is using the press and radio increasingly to project an image of effectiveness and responsibility and apparently plans a propaganda blitz to advance its bid for national popular support.

The new Portuguese high commissioner, Admiral Cardoso, arrived in Luanda last Friday but so far has remained in the background. He has apparently discovered that the only functionaries available to keep a transitional government structure operating are either officials or sympathizers of the Popular Movement. He is hardly likely within the next two months to be able to establish an administration that will include significant representation from the other two nationalist groups.

25X1

SECRET

SECRET

Not Sourced

LEBANON: ARMY CALLED IN

Prime Minister Rashid Karami announced on September 10 that he had called on the 17,000-man Lebanese army to help stop fighting between Christians and Muslims in the Tripoli area of northern Lebanon. The violence, which began last week with a dispute following an automobile accident, came to involve several hundred militiamen on each side and resulted in heavy casualties and extensive property damage.

According to Karami's announcement, the army will create and man a buffer zone between Tripoli district, which is 78-percent Sunni Muslim, and adjoining Zagharta district, which is 90-percent Maronite Christian. The army will seek to avoid being drawn into the fighting by staying out of the metropolitan areas of Tripoli and Zagharta, where security will remain the responsibility of the Lebanese internal security forces. The army will, Karami explained, "separate the combatants if fighting breaks out again." In fact, the fighting—although sharply reduced—has not yet stopped, and army units are sure to suffer some casualties while moving into position.

The heavy fighting this week did not spread to Beirut—where the internal security forces fought with radical Lebanese and fedayeen during April, May, and June of this year—or to the southern port cities of Tyre and Sidon. Security in the southern ports was nevertheless threatened by general strikes imposed by Palestinians protesting the second Egyptian-Israeli interim agreement. Although the strike was only partially effective in Beirut, the capital was already jittery from demonstrations by Palestinians and leftists protesting actions of the security services in the eastern Lebanese town of Zahlah, where intermittent fighting between Christians and Muslims has been going on since late last month.

This is the first time the army has been used to help curb civil unrest in Lebanon since the spring of 1973. At that time, the army's fight with the fedayeen brought Syria to the verge of mov-

ing troops into Lebanon and led to a prolonged government crisis in Lebanon. Deployment of the army this time was made possible by the fact that the major Palestinian groups were not involved in the fighting. Their willingness to stay on the sidelines paved the way for a compromise between Karami, a Muslim who opposed using the predominantly Christian-officered army, and President Franjiyah and Interior Minister Shamun, Christians who demanded that the army be brought in.

Under the compromise, army commander Iskandar Ghanim, a Christian supporter of Franjiyah, was replaced by Hanna Said, formerly commander of a military region in eastern Lebanon. Said, like Ghanim, is a Maronite Christian, but he has generally supported centrist Christian and Muslim politicians who over the years have been at odds with the more conservative Franjiyah and Interior Minister Shamun. His is therefore something of a compromise appointment.

Karami announced that the cabinet had decided to use the army only after having made "contacts with the disputing parties." The Muslim and Christian factions that have been fighting in the Tripoli area were probably receptive to such a proposal. Both have suffered heavy casualties, and—because they have not been resupplied by the major fedayeen groups or the large Christian militias—are short of ammunition.

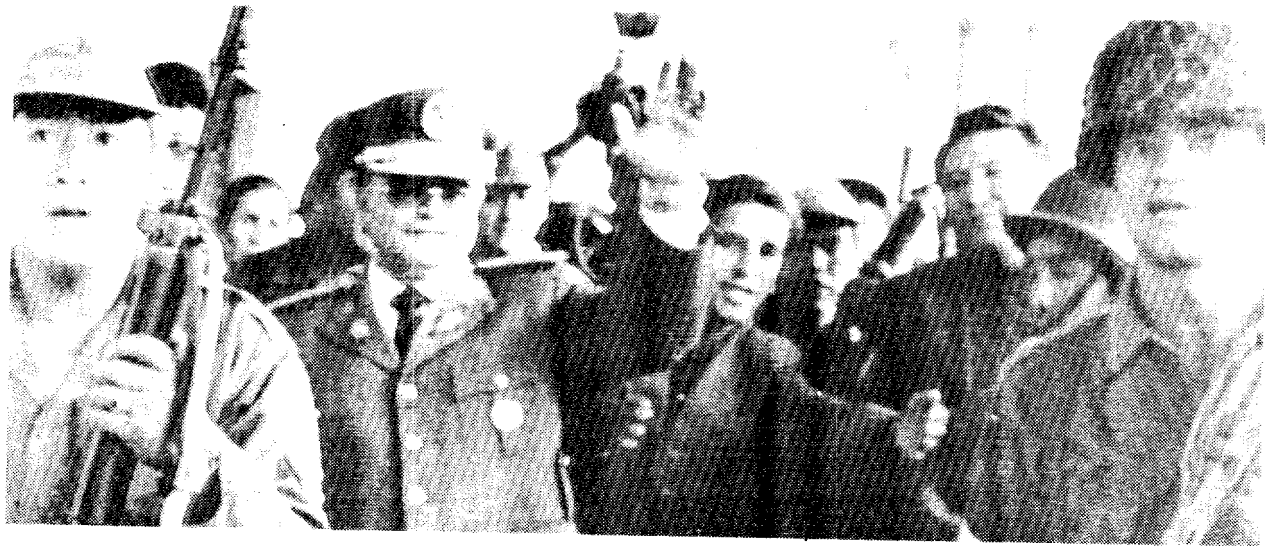
According to the US embassy in Beirut, Karami also sought the acquiescence of Palestine Liberation Organization chairman Yasir Arafat. Some Palestinian and leftist Lebanese leaders have already gone through the motions of condemning Karami, but none are likely to take up arms against the army. Some have even volunteered statements indirectly supporting his action. Zuhayr Muhsin, head of the Syrian-controlled Saiqa group and the PLO military department, said on September 11 that the Palestinians regard use of the army in northern Lebanon as a "domestic decision" for Lebanon and will not oppose it.

25X1

SECRET

Page Denied

SECRET



President Rodriguez returns to the National Palace following coup attempt

ECUADOR: ADJUSTING TO REALITIES

56-62

President Rodriguez has made a series of personnel changes in the military government, as well as in the armed forces high command, in the wake of last week's attempted coup. The number of army officers in the 11-member cabinet has been increased from five to seven and air force representation has gone from one to two. The support of the air force and all but two small army units was instrumental in Rodriguez' quick victory over the rebels. Only two civilians remain in the cabinet, and the navy, which remained neutral, has lost its one position.

The ministerial changes are not altogether a matter of rewarding the faithful. The new minister of government, General Ruben Dario Ayala, was a key troop commander at the time of the coup attempt. He made his loyalty to Rodriguez contingent on the President's becoming less of a left-leaning authoritarian, particularly on economic issues. Ayala was relieved of his troop command and after a "decent" interval, Rodriguez will probably move him further from the sources of power, perhaps posting him abroad as an attache.

The political conservatism of the new cabinet members and service chiefs strongly suggests that Rodriguez will back away from his most con-

troversial economic policies.

Instead of relying on these unpopular measures to stem the steady outflow of foreign exchange, the government will seek to increase revenues by raising the volume of its petroleum exports. It has already begun to curry favor with international oil companies by eliminating all import duties on materials and equipment used for oil exploration and exploitation. In addition, Quito reportedly will try to revive the foreign oil companies' flagging interest in exploration in Ecuador by offering attractive service contracts.

President Rodriguez is weathering the aftermath of the ouster attempt almost as smoothly as he weathered the attempt itself. This period is clearly a turning point in his tenure, however, and his cabinet and other advisers are certain to play a greater role in the policy-making process.

25X1
25X1

25X1

SECRET

63-70

CUBA: COUNTERWEIGHT TO DETENTE

Cuban President Dorticos' address on Monday to the closing session of the Puerto Rican solidarity conference indicates that Havana plans to continue to press the Puerto Rican independence issue even at the risk of slowing the process of accommodation with the US. It is clear from the way that Havana handled the conference, however, that the Cubans do not want the Puerto Rican issue to stop the detente process altogether.

Dorticos, speaking at a rural secondary school named for a Puerto Rican leftist, rejected the concept of Puerto Rico's status being a US internal matter. He promised "on behalf of the Cuban people, their communist party, and the Cuban Revolutionary Government" to provide "unlimited support" for the Puerto Rican cause. "Unlimited support," however, is not likely to include—at least for the time being—paramilitary assistance.

Dorticos also pledged to continue activity in the United Nations in behalf of Puerto Rico's independence and indicated that the international propaganda campaign Cuba is conducting will grow rather than wane. Dorticos' comments are the strongest yet by a high government official and indicate that the Castro regime's determination to press the issue cannot easily be overcome. The speech can be taken as a direct response to Washington's strong diplomatic representations to various governments prior to the UN Decolonization Committee's vote on the Puerto Rico resolution.

The Cuban leadership apparently believes its pursuit of detente with the US requires a parallel effort to re-emphasize its commitment to revolutionary, anti-imperialist principles. The Puerto Rican issue fills this need and also serves as

a substitute for those fading issues—such as Vietnam and the US embargo—long used by Havana to maintain an aura of confrontation in Cuban-US relations. There are signs of opposition within the Cuban revolutionary ranks to any modification of Havana's anti-US stance, and this domestic pressure must be dealt with while Castro pursues the longer range goal of an accommodation with the US. Castro therefore is likely to persist in his Puerto Rican independence campaign even though he has been warned that it could slow the process of reconciliation.

There is circumstantial evidence that Castro made some effort to limit the impact of the Puerto Rican campaign on the detente process: he had a quasi-governmental organization rather than the Foreign Ministry prepare for and conduct the solidarity conference. In what appears to have been a deliberate effort to ensure that the conference was not spotlighted in the US, he limited US media coverage and even canceled the scheduled visit by a US television network correspondent. In addition, he chose to have Dorticos make the speech, although he himself was present and could easily have delivered it. Castro can thus portray himself as not wedded personally to the Puerto Rican issue and may even argue that his government is involved only peripherally. He probably believes that Dorticos, who appears destined to cede the presidency to Castro following the first party congress this December, is expendable and therefore a good candidate to deliver the strong address that he believed circumstances called for on Monday.

The solidarity conference itself failed to live up to its advance billing, judging from its final declaration. Aside from the expected propaganda blast, the conferees apparently achieved little of substance other than to state their intention to hold another conference within three years.

SECRET

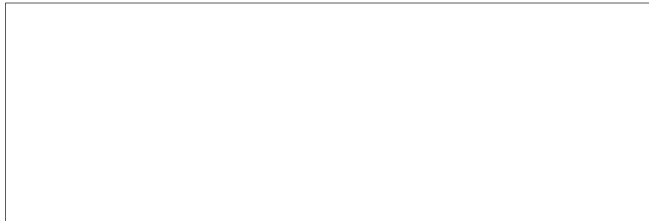
SECRET

71-19

PERU: THE SECOND STAGE BEGINS

President Morales Bermudez' steps to loosen the restraints on civil liberties that were imposed under former President Velasco have created an air of expectancy in Lima. Traditional political parties are cautiously hopeful that they will be allowed to engage in open and perhaps unfettered activity. Another beneficiary of the new openness is the Peruvian navy, which felt humiliated and powerless under Velasco. Its leaders are now sanguine about an expansion of its role in government affairs as a result of the new President's increased willingness to consult naval officers on matters affecting that service.

Despite the auspicious start of what Morales Bermudez has called the "second stage" of the Peruvian revolution, there remains some uncertainty regarding the future course of the regime. Various groups tend to view Morales Bermudez in the light most favorable to their interests, apparently reflecting the general lack of insight into the President's real political views, a degree of wishful thinking, and perhaps a propensity to read too much into the reform measures announced already.



Morales Bermudez probably intends to allow more press freedom and political discourse as part of his effort to increase the popularity and efficiency of the military government. These moves in large part are expected to be implemented without discriminating against one group or another. At the same time, however, the regime will be careful to ensure that the process does not develop too rapidly or without careful monitoring. Morales Bermudez is likely to pay closest attention to the activities of communists and other more radical groups. He also reportedly remains wary of several previously pro-Velasco generals who, because of their seniority and support, remain in high government and military posts. These indications suggest that, despite

Morales Bermudez' nearly complete military support, undercurrents of distrust and political rivalry are likely to continue to influence government policies. For the time being, at least, we believe that such factors are of only minimal significance.

Relations with the US show signs of improving, particularly since Morales Bermudez appears firmly committed to reaching an amicable settlement on the problem created by the Marcona expropriation. Any agreement, however, is likely to be couched in terms that will avoid the appearance of Lima's suddenly "caving in" to pressure from Washington.

Other economic policies may be announced later this month after the new team headed by civilian Economy Minister Barua has assessed the country's situation. One measure apparently under consideration is a currency devaluation.



25X1

80-81

ARGENTINA: COUNTERTERRORISM

25X1

Responding to an unprecedented upsurge in left-wing violence and kidnappings, President Maria Estela Peron has formally outlawed the Montonero guerrillas as the first step in what may become a major offensive against all Argentine terrorists.

The Montoneros supported the return of Juan Peron from exile in 1973, but declared "war" against his widow in September 1974. Her government had avoided taking official action against them for fear of further antagonizing liberal Peronists who, while not necessarily agreeing with the Montoneros, were being alienated by the administration's conservative policies. Because of their position and strength the Montoneros have played an effective political role through agitation within the Peronist labor movement and have even fielded candidates under the banner of the "Authentic Party" in a recent provincial election.

SECRET

SECRET

The government's decision gives security forces greater freedom of action in counterinsurgency operations. Until now, sympathetic newspapers and broadcasting stations could force the release of Montonero guerrillas held without charge, simply by publicizing their names. Such actions in behalf of outlawed groups are forbidden under current censorship restrictions.

Other measures are likely to be announced soon. The new army commander, General Jorge Videla, has told newsmen that the army's anti-guerrilla operations in Tucuman Province—where the principal opponent has been the People's Revolutionary Army—could be extended throughout the country "if the circumstances warranted it." He added that a federal organization might be formed to coordinate the actions of all the security forces.

The Montoneros and the People's

Revolutionary Army hope to goad the armed forces leaders into ousting Peron's civilian government, which they regard as insufficiently radical. The expected popular revulsion against military administration, they believe, would virtually assure a left-wing political victory once elections were held. In pursuit of this long range goal, the guerrillas have been focusing their terrorist attacks on all branches of the armed forces.

Argentine society cannot long endure the twin assaults of economic deterioration and mounting violence, which feed on each other and in time could bring about the political polarization the extremists seek. Recent statements by military leaders strongly indicate that they have decided to support the government in the initiative against the terrorists rather than allow the situation to deteriorate further.

25X1
25X1

PANAMA: TALKS STIR OPTIMISM

US Ambassador Bunker's arrival in Panama City on September 7 for another round of treaty talks has stirred considerable optimism among Panamanian officials. Recent visits by US Deputy Secretary of Defense Clements, JCS chairman General Brown, and Assistant Secretary of State Rogers, and the widely publicized reports of State Department and Pentagon agreement on a negotiating position have also buoyed Panamanian hopes. Torrijos has stated his belief that the US now favors a "satisfactory arrangement" on the canal—an arrangement he characterizes as "the one that Panama is seeking." If the current round of negotiations should result in little progress, disappointment would be high.

Panamanian government officials and the press continue to emphasize, however, the Panamanian position that a new treaty's duration cannot extend beyond the end of the century, that no more than 3 military bases (there are presently 14) should be allowed, and that far greater tracts of land and water must be handed back than the US has offered. Such

public statements will make it difficult for the Panamanians to compromise on these issues and avoid domestic charges of a sellout.

The release last week by a small, ultranationalist student group of what it claims are secret government documents revealing initial US-Panamanian conceptual agreements on defense, administration, and jurisdiction in the Canal Zone may further complicate the negotiations. The student group claims that the accords reflect US rather than Panamanian aspirations and has demanded that the government denounce them. A nationalistic, anti-government radio station has aired similar charges. According to the station, however, chief Panamanian negotiator Tack has stated that the documents are not official and do not reflect the topics under discussion. No other media outlet has commented on the documents. Whether true or false, however, the charges are increasing pressure on the government to toughen its negotiating stance.

25X1
25X1

SECRET

SECRET

86-88

CHINA: NEW SIGNS OF STRAIN

After year-long calls for unity and stability, China's leaders have shown in recent weeks that their own internecine battles are far from over. In late August, criticism of the ancient novel "Water Margin," known to be a favorite of Mao, suddenly emerged on the scene and raised some highly contentious issues.

Among these is the need to "oppose the emperor," a common theme of several articles which began on August 23. The emperor figure has been used in Chinese propaganda for the last

two years as a surrogate for Mao, and the call to oppose the emperor has very likely been read in China as criticism of the Chairman. Reinforcing this notion is a remarkable passage in a *People's Daily* article that forcefully states it is necessary to "oppose the emperor" in order to save the revolution. In addition, an article in China's second leading newspaper made an unmistakable defense of Marshal Lin Piao, who fell after allegedly attempting a coup against Mao. Using historical analogy, the article praised a marshal for attempting to seize the imperial throne by force and called this person a hero for defying the emperor. Lin Piao is the only one of China's ten marshals ever accused of trying to unseat Mao.



The Chairman

An editorial in *People's Daily* on September 4, nearly two weeks after the literary criticism began, seemed to turn the debate around. For the first time, Mao himself was credited with launching the criticism, and the major theme was not opposition to the emperor but national "capitulation," specifically capitulation to the Soviet Union.

The national capitulation theme seems aimed at some elements in the military who were accused in last year's anti-Confucius propaganda of advocating a less hostile attitude toward Moscow. Mao himself has seemed genuinely concerned that a change in China's policy toward the Soviet Union will occur after his death unless those advocating any change are purged. To this end, he has apparently pushed strongly for a purge within the military despite the destabilizing effects of such a move. Nevertheless, his apparently persistent efforts to remove important military men from office have thus far not been successful.

It seems likely that Mao is using the "Water Margin" debate, whether or not he initiated it, as another move against his elusive military targets.

25X1
25X1

SECRET

SECRET

If so, the articles calling for opposition to the emperor may have been efforts by the military to stave off another onslaught from the Chairman.

The literary debate seems to have toned down since the publication of the *People's Daily* editorial. The editorial called for unity, relegated the criticism to a "discussion" movement, and generally appeared to be an effort to damp down the potentially explosive repercussions of the literary criticism.

The national media have had little to say since the editorial was published, and the response in the provinces has been slow and relatively low-key. Clearly, some in the leadership do not want to see the "Water Margin" criticism develop into a full scale national campaign, with its implications for continued factional strife and general unrest.

90-93

LAOS: ENTER THE SOVIETS

The Soviet presence in Laos has been steadily increasing since the departure of most Americans in late May. The Soviets have been careful not to reveal the size of their mission, but it is estimated at 300 to 500 people, a substantial increase from the 75 to 100 before the US exodus.

Soviet personnel have been helping to improve and operate airfields and flying and maintaining transport aircraft for the Pathet Lao. Late last month, a seven-man Soviet economic assistance team and several construction experts arrived to begin work on projects covered in an assistance pact signed in December. There will be a further substantial increase in Soviet personnel

when the Soviets start full-scale work on these projects.

The Lao communist decision to increase the Soviet presence may reflect a desire to strike a new balance in relations with Moscow and Peking. Until a few months ago, the Soviets had few direct dealings with the Lao communists. Moscow worked exclusively through Hanoi; all Soviet military aid was sent through the North Vietnamese; and no Soviet personnel were stationed in the communist-controlled parts of Laos.

The Chinese, in contrast, have dealt directly with the Lao communists for years, although Peking did not seek to challenge Hanoi's pre-eminence. Peking provided some direct arms assistance, launched a major road-building program, which is still under way, and sent more than 20,000 troops to northwest Laos.

The Lao remain under the tutelage of the North Vietnamese, and any shift toward the Soviets would almost certainly reflect a decision taken in Hanoi. The Vietnamese may have encouraged the Lao to move closer to Moscow for fear the Chinese would seek to fill the void left by the departure of the Americans and by the end of US assistance. The Chinese, because of geographical proximity and to a lesser extent because of long-standing contacts with Lao leaders, would be more of a threat than the Soviets in any competition with the North Vietnamese for influence in Laos.

The Chinese presumably are unhappy that they have been confined to the relatively remote northwest while the Soviets are active throughout the rest of the country. Given the Pathet Lao's dependence on North Vietnamese guidance, however, there appears little Peking can do to prevent a more substantial Soviet presence.

25X1

SECRET

SECRET

74-77; 79-101

001

CAMBODIA**THE PRINCE RETURNS**

Cambodian "head of state" Prince Sihanouk, accompanied by Deputy Prime Minister Khieu Samphan, returned to Cambodia on September 9. He received a warm reception in Phnom Penh; Deputy Prime Minister Son Sen delivered the welcoming address. Among those greeting Sihanouk were Information and Propaganda Minister Hu Nim (in his first reported public appearance since the communist take-over), "other ministers and deputy ministers," representatives of the Buddhist clergy, army, National United Front cadre, worker groups, mass organizations, and a "vast" crowd.

Prime Minister Penn Nouth, the ailing Sihanouk loyalist and noncommunist, also returned to Phnom Penh. With the presence of both the chief of state and prime minister in Cambodia, little remains of the Royal Government of National Union in Peking. The members of Sihanouk's entourage who stayed in China are reportedly attempting to obtain exit visas for France and other countries, but the Chinese have not yet given them permission to leave and are taking the position that this is a matter for the Cambodian government to decide.

Sihanouk's stay in Phnom Penh will apparently be short, however, since he is to return to China to attend the National Day celebrations on October 1. The Prince reportedly will address the United Nations General Assembly in early October, go on to Pyongyang for the anniversary of the Korean Workers Party on October 10, and return to Peking to celebrate his birthday on October 31.

The Khmer communists have been trying to entice Sihanouk to return to Cambodia for some time. The invitation given the Prince in mid-July when he was in Pyongyang was reportedly not the first he had received since the communist take-over last April. Although Sihanouk has dutifully performed his ceremonial duties since



Sihanouk bids farewell to Teng Hsiao-ping at Peking airport

the take-over, the Cambodian leadership clearly wants to end the residence abroad of their "head of state," and gain more control over his actions.

DIPLOMATS IN PHNOM PENH

The Khmer communists are beginning to welcome some Asian communist diplomats in Phnom Penh. The Chinese news agency announced Tuesday that Chinese ambassador to Cambodia Sun Hao had departed for Phnom Penh to take up his duties. The Chinese envoy is the first foreign ambassador to be allowed back in Phnom Penh since the communist take-over, and his presence may signal the arrival of other ambassadors from Cambodia's communist neighbors in the relatively near future.

25X1

SECRET

104-107

BURMA: FOCUS ON FOREIGN POLICY

Rangoon is increasing diplomatic activity partly in reaction to communist victories in Indochina, but also to attract more aid. Burma was one of the first countries to announce recognition of the new regime in Phnom Penh, and it is opening a new ambassadorial-level post in Hanoi. Foreign Minister Hla Phone visited Laos last month and joined in a statement welcoming the "admirably changed situation in Indochina."

Burma's somewhat higher diplomatic profile is also reflected in the decision to abandon its long-standing policy of abstaining on major controversial issues at the UN. [REDACTED]

Burma's most pressing foreign concern has been over Chinese support for the Burmese communist insurgency. The Ne Win government has appeared more relaxed and confident about this issue in the past year, but Foreign Minister Hla Phone apparently raised the matter when he visited Peking last month—the first high-level Burmese visit to China since Ne Win was in Peking in 1971. The Burmese may feel the time is ripe, in view of Chinese reassurances on the same issue to other Southeast Asian countries, to try to get some commitment from Peking to reduce support for the insurgents. The Chinese are not likely, however, to abandon the Burmese communists entirely.

China undoubtedly has warned Burma about Soviet intentions in Southeast Asia and hopes to get the Burmese to sign the same kind of anti-hegemony statement that Thailand, Malaysia, and the Philippines have signed recently. The

Burmese, however, would be reluctant to make a public declaration, so clearly aimed at Moscow. Rangoon in fact is being careful to balance its relations with the major powers and has recently made some gestures to improve relations with the Soviets, including a visit to Moscow by Deputy Prime Minister U Lwin last June. Rangoon expressed some interest in the possibility of Soviet military aid earlier this year, but apparently was not satisfied with Moscow's response since the Burmese have not followed up on the matter.

Despite their more receptive approach to communist states, the Burmese are also showing interest in better relations with the US and the West. Their need for foreign aid has led to increased participation in those international bodies that deal with economic matters. As part of a shake-up of diplomatic posts abroad, Rangoon has replaced its incompetent ambassador in Washington with a capable, professional foreign service officer. In addition, the Burmese are cooperating with the US on narcotics matters, and are seeking additional aid for their anti-drug campaign after obtaining some helicopters.

Despite the adjustments now under way in Burmese policy, Rangoon's basic "go-it-alone" foreign approach will remain unchanged. There has been no sign of any warming in Burma's traditionally cool relations with Thailand, and unlike the other noncommunist countries of the area, Burma does not appear interested in closer regional ties as a means of protection against the new communist regimes in Indochina. The members of the Association of Southeast Asian Nations have frequently tried to persuade Burma to join, but Rangoon shows little sign of being interested. [REDACTED]

25X1
25X1

25X1

SECRET

Page Denied

Secret

Secret